

~~TOP SECRET FROTH~~Economic Services DivisionCommittee on China

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(Minutes of the Third Meeting -- 1315 hours, 26 August 1954)

Present: All members except [REDACTED] S/CST 25X1A9a
 25X1A9a and [REDACTED] S/TF.

Guests: [REDACTED] 25X1C8c

25X1C8c

The meeting was primarily concerned with briefing [REDACTED] on the estimates of the several analysts on the economic areas within their responsibility. (Not repeated here because of imminent appearance as contribution to 10.404).

25X1A9a [REDACTED] called attention to the availability in OCD of a Chinese film on the Hwai River flood control project. It was decided to make efforts to have this film shown to all interested parties because of the current interest in the flood situation in China. It was also suggested that NSA personnel working on this problem be invited to attend the showing if it can be arranged. [REDACTED] will pursue this subject.

25X1A9a

25X1C8c [REDACTED] presented two items of transportation interest: one concerning planned construction of ships up to 7,000 gross tons; it was considered that Chinese yards had the capacity for this operation; the other concerned the establishment of a Public Security Bureau within the Ministry of Railroads; this move is regarded as a step towards further centralization of economic controls and indicates an increasing concern with security matters.

25X1A9a [REDACTED] raised the point that the generalization, appearing in many intelligence reports, to the effect that China's lack of technical competence was a serious handicap to her economic growth should be questioned in light of apparent evidence of economic progress. He felt that in the railroad field, at least, Chinese competence had reached a point where if they had to carry on with no foreign advisors, they could do so with little loss of efficiency. It was agreed that railroads might represent a special case, but that this generalization was perhaps too facile and that more thought

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should be given to the possibility of China's technical competence having attained considerable stature in other areas as well.

It was decided that because of leave schedules and the pressure of deadlines on current projects that the next meeting will be two weeks hence: 1315, 9 September 1954. [REDACTED] was selected to keep in contact with the Division office in the event of any matters arising of general concern to the Committee. 25X1A9a

25X1A9a

[REDACTED]

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